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DE RUEHSO #0554 1731357
ZNR UUUUU ZZH
O 221357Z JUN 07 ZDK
FM AMCONSUL SAO PAULO
TO RUEHC/SECSTATE WASHDC IMMEDIATE 7161
INFO RHEHNSC/NATIONAL SECURITY COUNCIL WASHDC IMMEDIATE
RUEHBR/AMEMBASSY BRASILIA PRIORITY 8263
RUEHRI/AMCONSUL RIO DE JANEIRO PRIORITY 8175
RUCPDO/USDOC WASHDC 2818

UNCLAS SAO PAULO 000554

SIPDIS

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STATE INR/R/MR; IIP/R/MR; WHA/PD

DEPT PASS USTR

USDOC 4322/MAC/OLAC/JAFEE

E.O. 12958: N/A

TAGS: [KMDR](#) [OPRC](#) [OIIP](#) [ETRD](#) [BR](#)

SUBJECT: MIDEAST: GLOBAL ECONOMY: WTO AND DOHA ROUND, G-4 TRADE
MINISTERS MEETING IN POTSDAM; SCO PAULO

1. "Double Loss"

Influential center right national circulation daily O Estado de S. Paulo's economic columnist Celso Ming commented (6/22): "If it is true that a bad deal is preferable to no deal, then the failure of the Postdam meeting to advance trade negotiations signals a double loss for Brazil: because it will now be pointed out as one of the responsible parties for the fiasco, and because it bet all its chips on a multilateral trade agreement that has now become much more difficult to reach.... Technical reasons for the blocking of the negotiations are the usual ones. Both the United States and the European Union refused to reduce agricultural subsidies to a minimum to satisfy the emerging nations. And the latter resisted reducing import tariffs on industrialized goods and opening their market to the service sector. As happens in all trade negotiations of the type, one cannot guarantee that the failure is a final one. Sometimes, things have to worsen much more to begin to improve. If, by the end of August, nothing new changes in the current scenario, then it will be very difficult to make progress before the completion of a six-year deadline, because political conditions both in the US and India will tend to embitter."

2. "The 'No-Agreement' in Doha Round"

Institute of Trade Studies and International Negotiations' president Andre Meloni Nassar wrote in business-oriented Valor Economico (6/22): "The fundamental change in the negotiating process, which surprised an unprepared Brazil, emerged when the US joined Europe looking for balance outside the agricultural negotiation. Being pressured by Brazil to make concessions in subsidies and access to markets, both the US and the EU chose Brazil's industrial sector as the balance element. At that moment, the defensive balance that was being outlined was broken. And if we can attribute to the GOB a fault in its strategy, that mistake occurred because of its timidity in regards to India's demands regarding flexibility.... The G-4 ministers were marching on the thin line separating two types of agreements: a minimum, realistic and little ambitious agreement, which the GOB aimed for, and the 'no-agreement,' which was the veiled option being supported by a significant number of developing nations and, after yesterday's outcome, by the US and the EU."

3. "Doha Round failure"

Former Brazilian Ambassador in Washington Rubens Barbosa maintained in influential center right national circulation daily O Estado de S. Paulo (6/22): "The failure in the multilateral trade negotiations was not a surprise. A US Democratic Congress would hardly give

President Bush authorization to negotiate trade agreements, when the Republican majority denied fast track mandate to Clinton eight years ago. Elections in France, the pre-electoral climate in the US and the Congress' negative attitude in regards to reviewing US subsidies also helped to create a more protectionist than favorable climate for free trade. It is hard to accept that Brazil is presented as one of the responsible nations for the failure in the talks.... Brazil neither subsidizes nor protects its agricultural production. The GOB and its private industrial sector signaled that they could make concessions if and when the US and the EU presented proposals representing real gains for the Brazilian agricultural sector. As that did not happen, it is better not to have an agreement than to have a bad agreement."

McMullen